



February, 2006

Dear Wisconsin Employer:

We are writing to you because there have been some changes to Wisconsin Unemployment Insurance law (Wisconsin Act 86). Here are highlights of those changes:

BENEFITS CHANGES

Benefit Rate Increase – The maximum weekly benefit rate increased to \$341 beginning January 1, 2006 and increases to \$355 beginning January 7, 2007.

Disqualification for Absenteeism – Effective with discharges occurring as of April 2, 2006, there is a new disqualification for excessive absences and tardiness without notice to the employer. Employers seeking this disqualification must:

- have a written policy for absences and tardiness;
- provide evidence that the employee received a copy of the policy; and,
- provide the employee at least one warning for absenteeism or tardiness prior to discharge.

If an employee is discharged for excessive absenteeism with failure to notify the employer, benefits will be disqualified. Benefits are denied until 6 weeks elapse and the employee earns 6 times his/her weekly benefit rate. Excessive absenteeism is defined as 5 absences or 6 tardies within a 12-month period without notice to the employer. Employers must apply their policy uniformly to all employees.

Unable or Unavailable – If an employee misses only a portion of the available work in a week while on a family or medical leave or while suspended because he/she is unable to work or unavailable for work, the partial wage formula is applied to also include the additional wages the employee could have earned that week had the leave or suspension not occurred. If an employee is terminated because he/she is unable or unavailable for work and only misses a portion of the week the termination occurs, benefits for that week are also computed using the partial wage formula.

Work Search Waiver When Self Employed – Self-employed claimants are treated the same as other claimants related to work search waivers.

Volunteer Firefighter and EMT Wages – Volunteer firefighters, EMTs, and first responders must report wages earned from those jobs on their weekly claim certifications. Those wages are considered in determining the amount of benefits payable for the week.

Coverage for AmeriCorps Employees – Benefits will not be payable based on work performed in an AmeriCorps State/National program after December 31, 2005. There is an exception for service performed in a professional corps or education grant only program. Employers that provide these services are no longer subject to contribution or reimbursement requirements based on these services. Claimants are no longer eligible to claim benefits based on the performance of these services.

Food Processing Employers – The provision that prevented payments based on work for an employer engaged in the processing of fresh and frozen fruits and vegetables was repealed.

TAX CHANGES

Business Transfers – When a business is transferred to an employer already covered under the UI law, the transferee's tax rate will be redetermined effective the beginning of the quarter following the date of transfer. Also, the Department can nullify a successorship if it finds that a main purpose of a business transfer was to get a reduced tax rate for the transferee. In addition, the new law provides for punitive increases in tax rates and both civil and criminal penalties for persons who knowingly make false statements or representations in order to obtain reduced tax rates.

Electronic Reporting – Beginning with quarterly reports filed for third quarter 2006:

- **Contribution Reports:** Employers with 75 or more employees who file their own reports must file electronically using QTWRS, our web-based reporting application (uiqtws.wisconsin.gov). The threshold decreases to 50 or more employees with third quarter 2007 reports.
- **Wage Reports:** Employers with 75 or more employees who file their own reports must file electronically, using QTWRS or one of the other automated media reporting options described on our website (dwd.wisconsin.gov/uiben/wagehome.htm). The threshold decreases to 50 or more employees with third quarter 2007 reports.
- **Employer Agents:** Agents who prepare reports on behalf of 25 or more employers must file their Contribution and Wage Reports electronically, using QTWRS or one of the other automated media reporting options described on our website (dwd.wisconsin.gov/uitax/serv_providers.htm). Agents who prepare reports on behalf of less than 25 employers must file their Contribution Reports using QTWRS (uiqtws.wisconsin.gov) and Wage Reports using one of the reporting options described on our website (dwd.wisconsin.gov/uiben/wagehome.htm).
- **Penalties:** Failure to comply with these filing requirements will result in penalties of \$25 for each Contribution Report filed on paper, and \$10 per employee for Wage Reports filed on paper.

Bad Debt Assessment for Reimbursable Employers – Nonprofit employers who elected reimbursement financing will be subject to an assessment for payment of uncollectible benefit reimbursements due from employers no longer in business. The first assessment will be made in September 2006. The total amount assessed in any year is limited to \$200,000. Each employer's assessment will be based on the total wages reported for the previous calendar year. Since the minimum assessment is \$10, we estimate individual employer assessments will range from a low of \$10 to a high of \$11,100.

OTHER CHANGES

Failure of Employers to Provide Information to DWD – An employer is now responsible for erroneous payments made as a result of failing to provide correct and complete information during a fact-finding investigation.

Suspension of Employer Agents – An agent's right to appear before the department at hearings may be suspended for up to a year. This applies if, during any 12-month period, in 5% or more of all appeal tribunal hearings in which employers are represented by that agent, the employer is found to have failed, without good cause, to provide correct and complete information resulting in erroneous payments.

Treatment of Professional Employer Organizations (PEO) – Under certain circumstances a PEO can be considered the employer of its client's employees for UI tax and benefit purposes. An employing unit that wishes to be treated as a professional employer organization (PEO) must be in the primary business of leasing employees to other businesses. The law change specifies that an organization qualifies as a PEO only if it contracts to provide the non-temporary ongoing workforce of more than one client and the majority of its clients are not under the same ownership, management, or control. A PEO may participate with its client to set wages without loss of status as a PEO.

Unemployment Insurance Law Enforcement – The Unemployment Insurance Division is providing new funding for the Attorney General's prosecution of unemployment insurance fraud and other unemployment insurance law enforcement.

For additional information, please visit our website (dwd.wisconsin.gov/ui) or contact one of the following:

Benefits Related Questions

Madison Area: 608-232-0633
Milwaukee Area: 414-438-7705
Toll Free: 1-800-247-1744
Email: benopnet@dwd.state.wi.us

Tax Related Questions

Phone: 608-261-6700
Email: taxnet@dwd.state.wi.us

Wage Reporting Questions

Phone: 608-266-0528
Email: wagenet@dwd.state.wi.us